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## THE SPECULATIVE CAPITAL (3)

ECONOFICTION DERIVATIVES, FINANCE, LIPUMA, MARXISM, SPECULATIVE CAPITAL

Nothing exemplifies the constitution of the market and motivations today more than speculation. The drive to permanently generate this type of derivative bet, which has marked the Euro-American financial markets since the 1970s, would never have been able to circulate in these vast dimensions unless there was a specific derivative framework: a real social entity whose realness is felt and known because it conditions, frames, orientates and channels the motivated actions of the actors. The question is how did we arrive at this collective belief in this type of totality, which is seen as a template for the creation of specific markets. How does the financial field produce and reproduce the collective agents? And how does what market actors do create a totality called market? Standardizing and formalizing stakeholder practices is one of the key strategies in the markets they use to totalize themselves.

The stronger a market is institutionalized, the more visible it becomes in public. Traders can compete, assimilate, and quickly respond to the volatilities of bid-ask spreads and price fluctuations in this space of operations, which the market itself is, because it has ever adopted the market as a (naturalized) totality have assumed. The traders see an analogy between what they do and a professional athlete who, if he plays the game, must accept the totality of the game and have to rely on his deeply inscribed sensibilities to play the game well. How can the derivatives market be problematized? How to estimate the contingent transactions carried out by the actors, the completion of which is predicted by the collective assumption of the existence of a market which produces the transactions by means of these realizations? The dynamic recalibration of derivatives requires a socialized subjectivity, which consists in the belief of market participants that there is a totality called market, even if it is only accepted as an abstract space for calculations that stimulates their motivations and even traverses their bodies. The derivatives markets have no tradition, they are the result of historically singular inventions whose existence can not be separated from the provision of liquidity.

A derivatives market must shape and use its own principles of formation. It must now be clarified how the ritual, which is inscribed in the social relations of buying and selling, performatively objectifies the derivatives market. This performativity is necessarily prospective in sending bid and ask prices (which uses liquidity), but retrospectively in the execution of a trade (which uses the counterparties and the new price movements). Therefore, the market and its determination must be understood both as a system

/ totality and as a work / practice of reflexive actors. A market is a specific social space designed for specific modes of actor practices, ie behaviors (the use of speculative capital,

The burning question here is why economic determinations entail, at least for a time, markets that are regular and rational, but only in part, insofar as rationality is repeatedly replaced by periods of heightened (irrational) volatility, sometimes so high that that liquidity evaporates and the systemic mistakes of the markets emerge with all consequence. So why are the regularities of the markets so often irregular? (It is also important to point out here that the market is not an object category but a set of social relations.) Ignoring this, as in the prevailing economic theory, the naturalization of the market, so far relational categories as Object categories are treated, a kind of ontological error. There is much more to investigating if one considers the market as a social relation rather than merely analyzing it as an imagined totality. Relational categories, such as the market, are objectified and institutionalized in such a way that they lead to totality or to the system. The creation of a collective, that is to say socially imagined, totality requires the conjunction of quasi-ritual forms of objectification and processes of institutionalization in which the construction of the financial habitus takes place. If derivative markets are specific instruments of circulating relations by relations, through social entities such as contracts, then the market that requires them must itself be a determinant.

On the one hand, the social logic of finance creates the general form of market, which acts as a totalizing framework for the specific sets of relationships, and on the other hand, shapes the connectivity necessary for specific markets, where the actions of the actors with the production of those markets reproduce concept of the market.

From the point of view of concrete social relations, derivatives markets are to be understood as processes by which the actors objectify the totalities in which they participate. The question now is which invisible aspect will reproduce the whole called market. The reproduction of the market is the unintended consequence of actions whose effectiveness presupposes their existence. Derivative markets not only have a superficial performativity that can be observed in the bets that the derivatives create, but they also have a deep performative structure in which actions are based in a determinate social imaginary of this or that market market the condition of its totalization stabilized and reproduced.

Finance is exotic when derivatives are written for extremely risky profit maximization that transcends market perceptions: what often seems like a surreal treadmill is the overhauling of a directional dynamics of derivatives markets not only in the direction of increasing leverage, but also in terms of increasing complexity, insofar as the marketing of speculative capital products requires constant expansion beyond the limits of the market. Everybody wants to become a profit monster, as a hedge fund manager puts it. Big companies with high monetary capital, the corresponding knowledge and high interconnectivity clearly have the advantage. After all, there is a form of performativity in and with which every market participant imagines the market, like all others. The technologies used in the financial system, from high-frequency trading to learning algorithms to mathematical models, have the effect of obscuring the market-ridden social, which serves the reproduction of markets, and at the same time the sensitivity of market participants to increase their ability to make an objective and quantifying assessment of their behavior. The objective character of technology becomes a simulacrum for the autonomous and objective nature of the market. The technology connects the actors in such a way that they understand the technology itself as the epicenter of their social life. Mostly it is then assumed that you have no choice but to sit for hours in front of the screen on which the charts, curves and trades flicker. Overall, this is an anonymous socialization. And this involves an existential performativity, the attribution of a very specific socialization, ie a mutually expected repertoire of beliefs, desires and strategic judgments that affect the market and behavior of market participants, especially with regard to counterparties whose self-representation needs nothing more than that electronic trace of a trade on a screen. Market participants assume that these structures are reciprocal and recursive insofar as the others would shape their behavior in the same way as theirs, no matter how anonymous the others are, even with the fact that the transaction that appears on the screen is computer generated. It is simply assumed that the trading programs reflect the intentional intentions of actors. The trading programs and ideas of their programmers, like the traders' views, have a general and standardized utility value that traders use to create exchange values and profit. It has often been stated that market participants reiterate and personalize the market and also describe market movements through a series of metaphors, but what is crucial here is simply that there is a discrepancy between an abstract, anti-social agency and an everyday one Space of traders in which the transactions and their benefits are to be maximized, here the social totality called market is assumed. It is about how concrete financial relations in all their social specificity produce and reproduce a social imaginary totality. This is the market as a means for the rational, utility-maximizing agent. But such a market has never existed because the actors have to adopt intelligent and institutionally coordinated concepts and dispositions in order to be able to survive in the markets at all. The markets are organized on a systemic level, they are necessarily more and different than the sum of their individual parts. One can not grasp the systemic characteristics of the markets by merely analyzing the actions taking place on the market. It is not true that the individual actions of the actors are unimportant, but precisely because they produce a different dimension of social reality, they presuppose a certain socio-economic structure of the market and the imagination about it. The financial market is a social imagination, a deeply institutionalized imagination, including those who have confidence in this imagination, and bodies that enroll in knowledge, plus ratified names, registered companies, and a codified history: by constantly problematizing faith and trust Without knowing it, market commentators call for a performativity usually attributed to religion: the ritual. For LiPuma, the market is thus a social totality, a practically relational construct and a kind of analytical object constructed by the sciences.

For LiPuma, the totality (of the market) is nothing more than an ontologically real-social fiction, fictitious, because it is contingently

and socially created, and real, because it establishes real world events. At the same time, performativity is not limited to the ritual or certain linguistic event, but is implied in the reproduction of all social forms and structures of circulation in the economy. The rise of derivative logic as the principle of derivative production (based on the separation and recomposition of capital) determines the generative scheme (design of exotic derivatives) that traders undertake, which in turn serves to performatively reproduce the derivatives markets. To justify the circulation, the temporality of reproduction and the logic of financial practice,

The ritual of a financial event is performatively successful if it reproduces the integrity of the form or structure of markets, thereby maintaining liquidity regardless of the volatility involved in the development of the circulation. The problem here is the reproduction of the shape of a form, given the volatility and risks / uncertainties of future volatility and the strategies that are implemented in it. Performativity re-objectivizes the form of form, ie a transformed form that appears ideologically as maintaining the integrity and identity of the market. Insofar as financial circulation makes all social forms liquid, these forms must constantly re-objectify themselves.

This continuous process of re-objectification has its own social consequences, ie the formation of the form is positional, perspective and provisional. A derivatives market is provisional in that its financing, agents and liquidity are constantly changing; it is positional in that its definition as market refers to other markets, and it is perspective in that its integrity depends on the positions of individuals in the financial space. The objectified forms serve here as real and fictional spaces in which the flows of money are produced and destabilized through the performativity they re-objectify. It is also necessary.

LiPuma repeatedly emphasizes the problem of the functionality of the markets and the derivative. If the derivative is to function as a speculative bet, be it capital or collateral for a loan that leverages the bet, then you need an energetic market. The derivative only has value if there is a market on which it can circulate. Finally, the functionality of the market also depends on the willingness of market participants to generate a stream of liquidity in the face of uncertain volatility. The market is a real social fiction, which the agents virtually automatically produce and reproduce through their collective belief in him. The intermingling of the real and the fictitious via the collective beliefs of the actors as well as the trust in the functioning totality indicates that the markets have a performative aspect. The liquidity here is the representation of the social in the financial field, which is reflected in the objectification of the counter-party on the one hand and the assumption of the risk on the other side of the deal.

Let's get to what LiPuma calls the speculative ethos. For him, this is a concept, a disposition, an attitude towards the world and a measure of self-interest that drives market participants to bet on the uncertainty of the future. Derivative speculation represents a new way to deal with uncertainty and therefore requires the speculative ethos to evaluate and valorise speculation. This is the superficial form of a socio-economic structure in which the treatment of risks appears to be a necessary, objective and non-personal requirement for the actors to cope with the prevailing economic cycles. The speculative ethos is fueled by those who, as competitors and entrepreneurs, sometimes even creatively counter the uncertainty and transform it into risk to make a profit. It preserves its logic, practicability, and coherence from the fact that the culture of financialization determines the speculative character that consciously and often enthusiastically makes bets in order to capitalize and symbolically be more than just a star to many. For derivatives traders, the speculative ethos releases an impulse that directs all their immersion and sensitivity towards the market. The ethos mediates between speculation as an abstract principle of derivative markets and speculation as a practical matter for participation (as an exchangeable sensibility).

Machines, models, laws and the positions within the companies, ie the techno-economic assemblage determine the machines of the trading and convey the expressions of the trader's speculative impulses. This assemblage, in its self-referential function of channeling and limiting the impulses of the traders, first makes the centrality of the ethos recognizable. Derivative speculation represents a new way of dealing with uncertainty that calls for an ethos to assess and valorise speculation.

A high level of speculation is always related to the profitability of volatility, as long as the uncertainty in the markets does not allow liquidity to evaporate. Speculation is not afraid of a god, but of the absence of buyers. The participation of market players, bets against each other, and the definition of competence and competitive success that can be measured by the quantifiable measure of money, all overstate what LiPuma calls the speculative ethos.

The concept of ethos also refers to sensibilities and dispositions that are deeply embedded in people, that are definitely part of their being and behaviors, that eventually they are inseparable from this being. The ethos by no means elicits a certain kind of behavior in a mechanistic manner; rather, it is a collectively held and collectively circulating attitude that presses for economic actions that exert gravitational pressure on the agents, but which are always the subject of various influences. To a certain extent, the speculative ethos is also a lifestyle that expresses certain dispositions and qualities in order to act in a certain way. Just by communicating the relationship between the structures of the financial field and the possibilities of an event. With the collective advocacy, it uses itself,

Speculation has two time-related signatures relating to risk: there is an intra-temporal dimension that consistently maps risk to product creation, movement, and marketing, and there is an inter-temporal dimension to continuity the systemic conditions necessary for logistics, production and markets. Speculation can exist in both time registers, which in turn correspond to two spatial registers: that of risk, which affects the entire social life from work to play, and that of the competitively organized risk on the derivative markets themselves. If so, the risk a central position, then there must be a speculative ethos. Derivative speculation, based on the abstraction of risk, represents a new stage of insecurity that calls for an ethos that assesses and valorizes

speculation: to the point where risk appears necessary, objective, and impersonal. For traders, speculation lies at the intersection of a culture of hard work, mathematically calculated risk and return rates, the ability to price nuanced derivatives, and the willingness to take extremely risky risk betting. The traders leverage enormous pools of nomadic, opportunistic and speculative capital. Interestingly, the speculative ethos often hides behind itself, inasmuch as the assumption of derivatives markets is widely used as rationally regulated and calculating machines, thus forgetting that trading in derivative markets is a practice in the most elemental sense of the word. It is always a collective excess of trust in the game as well as the belief of market participants, it would be at every single transaction for the possibility of their lives. Speculation, on the other hand, is more about collective rather than individual behavior, in that monetary risks are taken up by individuals only insofar as they presuppose that others do as well and that there are always counterparties that respond to certain offers from specific actors,

Today, on the one hand, commodity relations and conditions of reproduction (houses, health, education, etc.) are becoming increasingly financialized, on the other hand, the rise of derivatives markets and the forms of abstraction, logic and motivations that they generate. Houses were transformed into financial assets before the financial crisis of 2008, yes to underlyings. The speculative ethos transformed itself into a new class of assets as the owners learned that their homes themselves became bridges, transforming the status of what we are now into what we will be in the future.

The question is why at a certain moment in the history of capitalism the speculative ethos became mainstream. The subjects are presented here as the embodiment of a self-fulfilling prophecy through new means that evaluate and valorise the subject. The speculative ethos constantly induces and promotes confidence in the markets. The speculative ethos that traders perform is the product of the embodiment of a field, notes LiPuma with Bourdieu, that is, the introduction of market structures into strategies and practices. The subject of speculation oscillates constantly between the statistical calculation of the sciences, the transcendental quality of a species of financial instruments, and the regularity that market participants produce by immersing themselves in the market itself. So it looks with the risk, which initially appears as a statistical calculation, for example, in a portfolio at-risk. The mathematical calculation defines the level of speculation in a portfolio to predict the maximum cost of losses. The risk is thus an important characteristic of certain financial instruments. This transcendental view has its equivalent in assuming that finance can control and quantify the risk through formal equations. To think that quantitative measurement encompasses the speculative fully, however, would mean moving from the model of reality to the reality of the model. Another dimension of risk involves cultural market makers accepting risk as an intrinsic feature of their practices of trading. To do this, they need adaptive potentials to control the risk and the level of speculation in a constantly changing market. Speculation as a cultural form now refers to the model of agents' actions, in that an identifiable regularity is described, and to a model of their behavior insofar as it directs and influences the agents' actions.

In Marx's view, it's not value, as LiPuma says, but the spread in labor that makes arbitrage. If arbitrage means to take advantage of a simultaneous and different trade, that is, out of the same commodity, then it follows that the surplus value represents an example of a bet that has two distinct values. The first value is the average social value required, the second is the surplus generated by the greater productivity of a new innovation. The capitalist takes advantage of this difference. What is assumed here is an identity between production and circulation, with arbitrage referring to both. However, today a distinction has to be made,

For the financial markets and speculation, the relationship between temporality and volatility is central. Hedging is a strategy that compensates for risk by taking an opposite position to a position existing on the market. The risk or the speculation is the luminous area in which the markets and their players bring the volatility and the time into a calculated relation of profit and loss. Speculation is thus based on the implication that the creation of a specific relation (between an objective, successful transaction and the opportunities for profit and loss, which are given by volatility and time), is crucial to understanding the monetary calculus. For this it is necessary to deconstruct the semiotic hierarchy present in the speculative transactions. Every speculative bet begins with a character or an instance. It's about how the difference in the derivatives makes a difference. You can not identify and manage the risk by looking at a singular event, you have to type in the event or sign. To make a calculation, actors must accept the character with Peirce as the "*indexicalicon*" of a type. And the relation between character and type must be transparent, so that, for example, a currency swap can be parsed with a mathematical model created for swaps. In addition, the mathematical derivation of the pricing of derivatives requires the idea of an efficient market as a totality. The provision of a closed, safe and efficient space called market separates the forms of risk from their generative contexts, so that, for example, political events that influence derivative price movements can be treated and mixed with other market-oriented risks. This type of de-contextualization allows actors to bundle incommensurate risks and to price them out, which LiPuma analyzes in several sections as an abstract risk. If one assumes an efficient totality, then one can assume that all instances of the price models are "*indexicals icons*" of a type. A derivative, such as a currency swap, can model the projected volatility on the basis that the future volatility reproduces the past volatility of the relationality contained in the derivative (eg Dollar.Euro). The technology of risk is based on leverage and convexity; the object of speculation is the volatility function of abstract risk.

For LiPuma, the logic of speculation is three-dimensional. The first dimension concerns the social ontology within which each instance occupies a place given by the totality. Second, this logic shows that the agents can identify a risk position. The uncertainty is transformed into a risk, and at the same time the worldly sources of risk are identified, which aggregates various risks. The Trinity Event, type, and totality constitute moments of objectification, which in turn is generated to accelerate the processes of circulation. If there is an anchor in speculative capital, then it is the celebration of risk, measured in terms of the

volatility of the derivative in terms of values at risk. In terms of subjectivization, LiPuma refers to the habitus theory of Pierre Bourdieu and notes that the more symbolic capital needed for recognition in a particular field, the more specific work is needed to shape the career. The work transforms to the epicenter of the self. This is furthered by a view that equates the company with self-production. In the financial industry, a new regime of work has definitely been created in recent decades. There is a stream of work moving from production to circulation towards a speculative, short-term, morally indifferent and economistic labor regime.

The habitus refers to a reality in which the agents who inhabit a social field necessarily take on certain dispositions, sensibilities, value hierarchies, and generative schemata of thought through participation in the field. The agents embody the habit of the field in a manner determined by the simultaneity and incorporation of the cognitive and the physical. The financial companies are in a quasi-schizophrenic status; on the one hand they need collaboration, on the other hand they need competition and internally.

LiPuma speaks of a completely monetized subjectivity. It is about the evolution of a specific socioeconomic mode of work whose cutting edge, embodied in the derivative trader, lies in the creation and valorisation of a subjectivity based on the permanent acquisition of money. The important question here is how cultural and economic conditions create a specific structure of desire, with which money stands as a generative symbol of all other ambitions. How does the digit of money lead to an indexical icon that determines the self-esteem and self-image of a person, or how does it become the psychological trophy of a winning team? so that generating money becomes the sole motivation for work? The actors' desire for money and the belief that money is the ultimate, if not the only, object of desire that overrides all other motivations, seems rational, because the social history of finance is both desire (greed) and interpretation (animal spirits) naturalized and normalized. For those for whom the money is solely for their self, there is never enough money. What derivative finance has done is simply to valorize this mode of subjectivity by linking it to the liquidity of the market and speculation as a social good. There are three phases to the integration of habitus, namely the separation of agents from normal life, a tradition based on the embodiment of a new ensemble of ideas and dispositions, and the introduction of actors in new knowledge systems. The lifetime of employees now becomes part of the company and determines the desires and happiness of individuals. It is an unquestioned loyalty to the company and subordinated to the scheduling into a will, always be achievable, the smartphone as an "iron link" works that ties you to the job. At the same time, employees are barracked in their banks by, for example, creating in-house restaurants where they are isolated so that they only interact with each other. Company car services, which are sold as a privilege but at the same time serve to extend working hours, channel the geography of life. Friends outside the banks are replaced by those who operate within the banks. Most banks now block access to social media for their employees. The message here is that actors can only gain full monetization of their subjectivity if they stay away from social environments that might disturb their work.

Added to this is the creation of competition, which aims at nothing more than the production of profit, which reinforces the fixation on money as the sole measure of the value of self. The relentless focus on money normalizes and naturalizes this fixation. Here LiPuma sees a ritual embodied. Finance maintains the worldview that in the sphere of circulation all persons, like the assets themselves, are contingent and disposable. So people from the higher levels are constantly shifting, from banks to hedge funds, from governments to banks, etc. LiPuma describes the financial field as a Venn diagram made up of a set of circles of different sizes, Kriese, which are inherently permeable and overlap extensively.

In the financial organizations themselves, opposites prevail, so it may well be that the traders of a house bet against products that the brokers have sold to the clients of their house. Traders again see the *quants* as nerds who lack any spirit to trade. There is a volatility in these relationships themselves, the tension between a personification of a mathematical model known only to the rational agent, and the real-time trader, who collects information that the mathematical model does not hold, and who is hypersensitive to that intensity and the magnitude of the wave movements of prices and volatility.

The financial field and the jobs in particular are institutionally related to the compression of time, as far as the deals are fabricated, carried out and realized under high pressure.

For those who are fully integrated into finance, completing one deadline at a time results in the clock and calendar appearing as an enemy, and once again exemplifying the compression of time. Companies program their employees to accept the speed of transactions without question, as an index of the value of work and of trust and subordination to the company. The temporal structure of the financial workplace guarantees that the players hardly have any free time, nor even their success, no matter what the quality of their performance. The central moment here lies in the exploitation of momentum, immediately followed by the liquidation of the momentum. This is not contradicted by the theories of animal spirits,

translated by **Dejan Stojkovski**

← PREVIOUS   NEXT →

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META

CONTACT

FORCE-INC/MILLE PLATEAUX

IMPRESSUM  
DATENSCHUTZERKLÄRUNG

TAXONOMY  
CATEGORIES  
TAGS  
AUTHORS  
ALL INPUT

SOCIAL  
FACEBOOK  
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